

# Memorandum

To: Panel Members

From: Creighton Chan, Manager  
Peter DeMauro, General Counsel

Subject: One-Step Agreement for **Macromedia, Inc.**  
www.macromedia.com

Date: September 27, 2002

Analyst: A. Nastari

## **CONTRACTOR:**

- Training Project Profile: Retraining: companies w/out-of-state competition
- Legislative Priorities: Moving to a High Performance Workplace
- Type of Industry: Manufacturing Software Development
- Repeat Contractor: No
- Contractor's Full Time Employees:
  - Company Wide: 1,400
  - In California: 800
- Fringe Benefits: Yes
- Union Representation: No
- Name and Local Number of Union representing workers to be Trained: N/A

## **CONTRACT:**

- Program Costs: \$46,488
- Substantial Contribution: \$0
- Total ETP Funding: \$46,488
- In-Kind Contribution: \$190,530
- Reimbursement Method: Fixed-Fee
- County(ies) Served: San Francisco
- Duration of Agreement: 24 Months

**SUBCONTRACTORS:**

Kenzler & Associates, Alamo, California, \$6,061, for project administration.

Kenzler & Associates, Alamo, California, not to exceed \$45,000 for the delivery of classroom training in Business, Continuous Improvement, and Management Skills.

**THIRD PARTY SERVICES:**

Kenzler & Associates assisted the Contractor with the planning of the training, designing of the curriculum, writing of the training materials, development of the Application package, and additional support services at a cost of approximately \$23,000.

**NARRATIVE:**

Macromedia, Inc. has been determined eligible for ETP funding as a company facing out-of-state competition under Title 22, California Code of Regulations, Section 4416(a)(1) and (2) as a company which produces a product sold out-of-state.

Established in 1992, Macromedia, Inc., develops, markets, and services a suite of software products used in website design and development. Macromedia software allows its customers to build websites and enhance them by adding Three Dimensional (3D) graphics and creating various fonts and sound effects. The company is best known for its Flash software program used by computer programmers and web designers to add animation such as floating words and interactive cartoon shows to websites. In 2002, Macromedia introduced its biggest product launch to date, Macromedia MX, which provides the technology to construct websites that make it easier for consumers to get stock quotes and hotel reservations. Once Macromedia software is purchased by a customer, the company provides on-line support services in a number of languages to assist with troubleshooting techniques, downloadable system upgrades, Internet training, sample applications, tips for users, and information on Macromedia's latest developments. Headquartered in San Francisco, the company employs 800 Californians on a full-time basis.

California's software industry faces strong competition from offshore companies. In addition, customers are demanding higher quality, more innovative technology, greater assistance in the use of technical tools, and more complex product training and information via the Internet. In order to meet these customer demands, Macromedia is requesting ETP funds to retrain 35 of its staff who develop and support Macromedia's products. These staff members consist of customer service specialists, product support specialists, engineers, training coordinators, and managers. These core team members will take the lead in advancing a high performance workplace environment that focuses on process development, team facilitation, employee training, and leadership. Training will range from 60 – 144 classroom training hours in Continuous Improvement, Business, and Computer Skills.

**Continuous Improvement Skills:** This training will focus on team development, team communication, and facilitation skills which are essential in building a solid team environment. Trainees will learn internal workflow processes, identification of ways of improving the process, development of new processes, implementation of process improvement, and documenting of results.

**NARRATIVE:** (continued)

**Business Skills:** After identifying the procedures that need improvement, trainees will be required to document and write staff reference manuals describing step-by-step methods and procedures required for the implementation of the new processes. Since the team members to be retrained under this agreement are the key players in the development of new processes, they will be responsible for delivering training to company staff and in making presentations to the management team. They must therefore be equipped with skills in presentation styles, how to be effective as a trainer, methods in developing a curriculum, and identifying individual learning techniques. Additionally, ETP trainees will be leaders in providing specialized and advanced expertise to internal and external customers in troubleshooting techniques. Since Macromedia's products are used globally, these team members require training in cultural sensitivity to address the company's change in processes and for providing technical assistance to its customers worldwide.

**Computer Skills:** Training will include advanced knowledge of Microsoft Office and the company's internal computer system operation. Training in the use of Microsoft Project software will assist the teams in tracking and managing the implementation of the company's new processes.

**Management Skills:** Macromedia's managers possess product technical skills required for managing their specific departments, but they lack skills in team leadership. With the company's move to a high performance workplace, managers must gain leadership skills including techniques to become a successful leader; attributes and failures of leaders; the role of a mentor and how they influence others; and identifying the difference between managers and leaders in a high performance workplace.

Training will be conducted by in-house trainers and California-based vendors. Kensler & Associates will be the primary training vendor and will provide administration services for this project.

**Supplemental Nature of Training**

Past and current technical training has been informal and delivered mostly on-the-job. The company has delivered some classroom training in product knowledge; procedural training (i.e., how to process the daily work); system training which covers all internal systems for customer support; and training in human resource issues.

The proposed ETP-funded training is different in content and format from the company's ongoing training. The ETP program will bring together employees from throughout the workforce and create a core group of team members to identify current processes, address concerns and issues regarding the processes, and provide solutions to improve the processes.

**In-Kind Contribution**

The Contractor estimates that it will contribute approximately \$130,530, including \$107,530 in wages paid to retrainees while in training and \$23,000 in vendor's costs and training materials in excess of ETP funds.

**COMMENTS:**

No senior level managers or executive staff who set company policy are included in the ETP agreement.

Most participants in this project meet the Panel definition of frontline worker under Title 22 California Code of Regulations, Section 4400 (ee) except for 7 managers in the Product and Customer Support departments.

**COMMENTS:** (continued)

**Request for Waiver to Turnover Rate:**

Title 22, California Code of Regulations, Section 4417, Secure Job, states in part that the Panel shall fund training for employment that is stable and that an employer's turnover rate shall not exceed 20 percent annually. The Panel may accept a higher turnover rate if the employer provides evidence that the proposed training will significantly decrease the turnover rate.

Macromedia's turnover rate for the 2001 calendar year was 45.5 percent. Macromedia is requesting a waiver in accordance with the above regulation. The company cites two factors for the high turnover rate: 1) in 2001 Macromedia merged with an out-of-state company. This merger resulted in the duplication of job functions, therefore requiring the company to reduce the workforce; and 2) the downturn in the economy resulted in additional job losses. Macromedia does not foresee any mergers in the near future and has completed the reorganization of its workforce, establishing a course to return to profitability. The company expects revenue growth to resume in the first fiscal quarter 2003, based on its upcoming product cycle and the launching of major product releases. The company has already released four new products which have been successful. The company expects revenues to be up 10 percent, based on the release of these products.

In order to retain talented staff and mitigate future turnover, the company has made an organizational commitment to a move towards a high performance workplace. Macromedia will increase its staff support by training them to play an essential role in the company's process improvement. The company will continue to implement upgraded computers and training in the latest media software applications in order to provide technical staff with the most current tools essential for facilitating their job functions. Macromedia believes this will lead to a stabilized workforce.

The company has agreed to forfeit 25 percent of the total Agreement amount upon closeout of this project if the turnover rate is higher than 20 percent during the final 12 months of the Agreement.

**PROPOSED ACTION:**

Staff recommends that the Panel waive the Turnover Rate requirement and approve this One-Step Agreement if funds are available and the project meets Panel priorities. This recommendation is based on Macromedia's statement that this training will result in improved competitiveness in the global software market resulting in long-term job security for its workforce. In addition, this proposed training will provide Macromedia employees with the skills to implement a high performance workplace.

**TRAINING PLAN:**

Grp/Trainee Type	Types of Training	No. Retain	No. Class/Lab Videocnf. Hrs	No. CBT Hrs	No. SOST Hrs.	Cost per Trainee	Hourly Wage after 90 days
Job Numbers 1 –5  Retrainees	Business Skills  Computer Skills  Continuous Improvement  Management Skills	35	60 - 144	0	0	\$780 - \$1,872	\$12.26 – \$60.10
					<b><u>Range of Hourly Wages</u></b>		
					\$12.26 - \$60.10		
					<b><u>Prevalent Hourly Wage</u></b>		
					\$27.88		
					<b><u>Average Cost per Trainee</u></b>		
					\$1,328		
<b><u>Health Benefit used to meet ETP minimum wage:</u></b>					<b><u>Turnover Rate</u></b>	<b><u>% of Mgrs &amp; Supervisors to be trained:</u></b>	
N/A					45.5%	20%	

## **Macromedia, Inc. Menu Curriculum**

Class/Lab Hours  
60 – 144

Trainees will receive any of the following Types of Training with the exception of management skills. Only managers will receive management training.

### **BUSINESS SKILLS**

#### **Advanced Phone Interactions and Cultural Sensitivity**

Building and managing rapport  
International exchanges and cultural sensitivity

#### **Technical Writing I**

Correspondence strategies for processes and procedures

#### **Technical Writing II**

Writing user manuals and methods and procedures

#### **Customer Service**

Understanding the Customer Life Cycle  
Retention and loyalty impacts  
Analysis of Customer Base Life Cycle

#### **Understanding Team Skills and Members**

Managing different personalities and temperaments

#### **Train the Trainer**

How to be a trainer  
Trainer tips and tricks  
Presentation styles  
Trainee learning styles

#### **Advanced Training Skills**

How to develop training curriculum  
How to prepare for a class  
Teach back sessions

## **Macromedia, Inc. Menu Curriculum**

### **COMPUTER SKILLS**

#### **Customer Service User Interface (CSUI)**

Internal computer upgrades

#### **Microsoft Project**

Intermediate/advanced skills

#### **Microsoft Office**

Intermediate/advanced skills

### **MANAGEMENT SKILLS** (For managers only)

Leadership

### **CONTINUOUS IMPROVEMENT**

#### **Change Management**

Methodology  
Workflow path  
Department impacts

#### **Process Management**

Methodology  
Detailed methods and procedures  
Department impacts

#### **Project Management**

Methodology  
Documentation  
Standard meeting requirements  
Distribution steps  
Status reporting

#### **Facilitation Skills**

How to manage a meeting  
Mediation of meeting topics  
Prepare and deliver presentations

## **Macromedia, Inc. Menu Curriculum**

### **Team Communication Skills**

Extensive listening skills  
Probing skills  
Positive Positioning Skills  
Providing a Win-Win Solution

### **Workflow Management**

Identifying improved workflow processes

### **Team Development**

Advanced interpersonal skills  
Individual personality traits  
Team mapping

**Macromedia, Inc.**  
**Menu Curriculum**